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 TO RUEHML/AMEMBASSY MANILA IMMEDIATE 9171  
 RUMVC/AMCONSUL CEBU PRIORITY 1663  
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E.O. 12356: N/A  
 TAGS: PREL, PGOV, EINV, US, RP  
 SUBJECT: HFAC HIDDEN WEALTH HEARINGS CONTINUE

REFERENCE: STATE 379678

1. ON JANUARY 23, THE SUBCOMMITTEE ON ASIAN AND PACIFIC AFFAIRS OF THE HOUSE FOREIGN AFFAIRS COMMITTEE CHAIRED BY CONGRESSMAN STEPHEN SOLARZ CONTINUED ITS HEARINGS ON ALLEGED MARCOS INVESTMENTS IN THE UNITED STATES.

2. THE SUBCOMMITTEE CONSIDERED TESTIMONY ON FOUR LARGE MANHATTAN PROPERTIES - 40 WALL STREET, 200 MADISON AVENUE, THE CROWN BUILDING ON FIFTH AVENUE, AND THE HERALD CENTER - VALUED AT APPROXIMATELY DOLS 350 MILLION. TESTIFYING WAS CONGRESSMAN JOHN BRYANT, WHO HAS INTRODUCED A BILL TO REQUIRE FOREIGN LEADERS AND OTHER FOREIGNERS TO DISCLOSE OWNERSHIP OF PROPERTIES AND OTHER INVESTMENTS IN THE U.S. ALSO TESTIFYING WERE: HENRY BULLOCK, LOAN OFFICER FOR SECURITY PACIFIC MORTGAGE CORPORATION WHO APPROVED LOANS FOR THE HERALD CENTER AND THE CROWN BUILDING AMOUNTING TO DOLS 100 MILLION; BARRY KNOX, INVESTMENT COUNSELOR WHO ARRANGED FOR THE PURCHASE OF THE FOUR ABOVE-MENTIONED PROPERTIES, AND; HECTOR TANTOCO, SUBPOENAED TO TESTIFY ON THE U.S. BUSINESS ACTIVITIES OF HIS BROTHER AMB. BIENVENIDO TANTOCO AND SISTER-IN-LAW LICERIA TANTOCO.

3. HOURS OF HEARINGS ON THE HIDDEN WEALTH ISSUE HAD FAILED TO PRODUCE A WITNESS WILLING TO TESTIFY ABOUT DIRECT BUSINESS DEALINGS WITH ANY MEMBER OF THE MARCOS FAMILY. THAT WITNESS HAS NOW APPEARED, BARRY KNOX. MR. KNOX WAS WILLING TO DISCUSS A SERIES OF THREE MEETINGS HE HAD WITH MRS. MARCOS REGARDING THE PURCHASE OF ALL FOUR MANHATTAN PROPERTIES. HIS TESTIMONY WAS HEAVILY COVERED BY THE MEDIA, ALTHOUGH TELEVISION CAMERAS AND TAPE RECORDERS WERE TURNED OFF, AT HIS REQUEST, UNDER THE RULES OF THE HOUSE.

4. KNOX MADE PRESENTATIONS AT THESE MEETINGS ON THE FINANCING AND PURCHASE OF THE MANHATTAN PROPERTIES. LICERIA TANTOCO WAS PRESENT AT EACH AND HAS SERVED AS KNOX'S PRINCIPAL POINT OF CONTACT ON THE INVESTMENTS. KNOX COULD NOT CATEGORICALLY ASSERT THAT MRS. MARCOS WAS THE OWNER OF THE PROPERTIES. HOWEVER, HE WAS TOLD ON SEPARATE OCCASIONS BY MRS. TANTOCO THAT SHE WAS ACTING IN MRS. MARCOS' BEHALF. JOSEPH BERNSTEIN, PRESENT AT THE

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THIRD OF THE MEETINGS IN FALL 1984, INDICATED THAT MRS. MARCOS WAS THE "EXCLUSIVE" OWNER OF THE CROWN BUILDING. AND LOAN OFFICER HENRY BULLOCK, A RELUCTANT WITNESS, ACKNOWLEDGED HIS IMPRESSION THAT THE TANTOCOS WERE "REPRESENTATIVES" OF THE MARCOSES.

5. THE EVIDENCE REMAINS CIRCUMSTANTIAL. THERE IS NO DOCUMENT PROVING MARCOS OWNERSHIP, NOR IS ONE LIKELY TO SURFACE. HOWEVER, KNOX IS THE MISSING LINK IN THE TESTIMONY TO DATE. HIS DIRECT CONTACT WITH MRS. MARCOS AND THE CORROBORATING TESTIMONY OF PREVIOUS WITNESSES APPEAR TO LEAVE LITTLE QUESTION THAT MRS. MARCOS HAS MADE SUBSTANTIAL INVESTMENTS IN NEW YORK REAL ESTATE.

6. SOLARZ HAS SCHEDULED A FINAL DAY OF HEARINGS ON JANUARY 29 AFTER WHICH THE SUBCOMMITTEE WILL PUBLISH A REPORT ON ITS FINDINGS AND ANY IMPLICATIONS FOR AMERICAN FOREIGN POLICY AND THE U.S. ASSISTANCE PROGRAM TO THE PHILIPPINES. SHULTZ  
END OF MESSAGE

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